



FISCAL MEMORANDUM

HB 2051 - SB 2046

March 2, 2022

SUMMARY OF BILL AS AMENDED (014780): Extends the period to 12 months that a pregnant woman enrolled in TennCare qualifies for postpartum coverage.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Expenditures - \$6,588,900/FY23-24 and Subsequent Years

Increase Federal Expenditures - \$12,884,600/FY23-24 and Subsequent Years

The Governor's proposed budget for FY22-23, on page B-156, recognizes a one-time increase in state expenditures of \$6,588,900 and a one-time increase in federal expenditures of \$12,884,600 for the Post-Partum Extension Pilot. The proposed legislation creates an ongoing program; therefore, additional expenditures do not begin until FY23-24.

Assumptions for the bill as amended:

- The Division of TennCare was appropriated \$19,473,500 (\$5,356,186 state and \$14,117,314 federal) in FY21-22 for the postpartum extension pilot which extends, from 60 days to 12 months, the period of time a pregnant woman enrolled in TennCare qualifies for postpartum coverage.
- TennCare has yet to begin offering the coverage. The additional coverage is set to begin April 1, 2022. Therefore, approximately \$4,868,375 in state and federal funds will be expended in FY21-22 for the pilot program.
- Under current law, the unspent state portion, approximately \$4,017,140, of the appropriation will go into TennCare reserves and cannot be used to extend the program.
- The Governor's proposed budget for FY22-23, on page B-156, recognizes a one-time increase of \$19,473,500 including \$6,588,900 in state expenditures and \$12,884,600 in federal expenditures for the second year of the pilot.
- The proposed legislation requires extended postpartum coverage on a recurring basis.
- There will be an estimated 5,000 women who will participate in the program every year, and the cost per woman per month is expected to be \$379.47. This will result in a recurring increase in expenditures of \$18,973,500 (5,000 x \$379.47 x 10 months).
- There is an anticipated one-time expenditure of \$500,000 associated with the ongoing eligibility system and operational maintenance costs due to the technical requirements of coverage.

- It is assumed all additional expenditures will be incurred beginning in FY23-24; therefore, the total recurring increase in state expenditures is estimated to be \$19,473,500 (\$18,973,500 + \$500,000) in FY23-24 and subsequent years.
- Medicaid expenditures receive matching funds at a rate of 66.165 percent federal funds to 33.835 percent state funds. For FY23-24 and subsequent years, \$6,588,859 (\$19,473,500 x 33.835%) will be in state funds and \$12,884,641 (\$19,473,500 x 66.165%) will be in federal funds.

IMPACT TO COMMERCE OF BILL AS AMENDED:

Increase Business Revenue – \$18,973,500/FY23-24 and Subsequent Years

**Increase Business Expenditures –
Less Than \$18,973,500/FY23-24 and Subsequent Years**

Assumptions for the bill as amended:

- Healthcare providers that provide pregnancy-related services will experience a recurring increase in business revenue for providing services in the amount of \$18,973,500.
- For companies to retain solvency, any increased expenditures will be less than the amount of increased revenues collected. Therefore, the recurring increase in business expenditures is estimated to be less than \$18,973,500.
- Any impact to jobs is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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